

Federal Benefits *FastFacts*
The Federal Flexible Spending Account Programs (FSAFEDS)

What is FSAFEDS?

FSAFEDS is a program you can enroll in that allows you to contribute money from your salary, before taxes are withheld. That money is set aside in an account for you. When you incur eligible out-of-pocket dependent care and/or healthcare expenses you are reimbursed from the money in your FSAFEDS account(s). You pay less tax and that's how you save money.

How much can I save?

Here's how the math works. Let's say you make \$1,000 per pay date – that means you pay taxes on \$1,000 per pay date. If you put \$20 per pay date in FSAFEDS then you would only pay taxes on \$980. You pay less tax – and that is how you save money by enrolling in FSAFEDS. Of course your exact savings will depend on your tax bracket and the amount you put in FSAFEDS. The more you contribute, the more you can save.

Who is eligible for each account?

Health Care (HCFSA) and Limited Expense Health Care (LEX HCFSA): Employees of participating agencies who are eligible for the Federal Employees Health Benefits (FEHB) Program (whether enrolled in FEHB or not) may enroll in one of these accounts. *Dependent Care (DCFSA)*: All employees of participating federal agencies (except for intermittent employees who are expected to work fewer than six months) may enroll in this type of account. By law, retirees and survivor annuitants are not eligible.

What types of accounts are available?

There are three types of FSAs.

1. *Health Care Flexible Spending Account (HCFSA)*:

Reimburses eligible health care expenses which are NOT covered or reimbursed by FEHB, FEDVIP, or any other insurance coverage for you, your tax dependents and your children (regardless of dependency through the end of the tax year in which your child reaches age 26 years).

2. *Limited Expense HCFSA (LEX HCFSA)* (only for those enrolled in or covered by a High Deductible Health Plan with a Health Savings Account):

Reimburses only eligible dental and vision expenses which are NOT covered or reimbursed by FEHB, FEDVIP, or any other insurance coverage for you, your tax dependents and your children (regardless of dependency through the end of the tax year in which your child reaches age 26 years).

3. *Dependent Care Flexible Spending Account (DCFSA)*:

Reimburses eligible non-medical day care and elder care expenses. Dependents include your children under age 13 and any dependents on your federal tax return who are incapable of self-care.

Dependent Care (DCFSA) – examples of eligible expenses

- Child care (at a day care center, day camp, sports camp, nursery school, or by a private sitter)
- Late pick-up fees

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- Before and after school care
- Adult day care expenses

Health Care (HCFSA) – examples of eligible expenses

- Copayments, coinsurance, and deductibles
- Over-the-counter drugs and medicine (except insulin) are only eligible for reimbursement when prescribed by a physician.
- Over-the-counter products (e.g., bandages, sunscreen, hand sanitizer, etc.)
- Dental and vision care services and products
- Infertility treatments
- Chiropractic services

Limited Expense (LEX HCFSA) – examples of eligible expenses

- Contact lenses, solutions, cleaners, and cases
- Eyeglasses, refractions and vision correction procedures
- Crowns, fillings, dental cleanings, and orthodontics

When can I enroll?

Newly hired and newly eligible employees, including those who experience an FSAFEDS qualifying life event (QLE), can enroll within 60 days of becoming eligible, but no later than October 1.

Other eligible employees can enroll during the annual Federal Benefits Open Season held from mid-November to mid-December

How do I enroll?

Go to www.FSAFEDS.com or call 1-877- FSAFEDS (372-3337); TTY: 1-866-353-8058

Important things to remember:

- You MUST re-enroll each year to continue participation. Enrollments DO NOT carry forward from year to year.
- The maximum dollar amount of unspent funds from one year that you can carry into the following year is \$500. This applies ONLY to HCFSA and LEX HCFSA and requires that you re-enroll in either account that following year.
- The grace period applies ONLY to DCFSA and is the additional 2 1/2 months from January 1, 2021 to March 15, 2021 which you can incur eligible DCFSA expenses that can be reimbursed from any remaining 2020 balance.
- You forfeit (lose) any amount above the carry over threshold (\$500) in your HCFSA or LEX HCFSA for which a claim is not incurred by December 31, 2020 and submitted no later than April 30, 2021. You forfeit any unused balance in a DCFSA for which a claim is not incurred by March 15, 2021 and submitted no later than April 30, 2021.
- You have 60 days from your hire date to enroll, but you must enroll before October 1 or wait until the Federal Benefits Open Season.